

2019

Department of Finance Newsletter, 2019

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PERSONAL FINANCE IN HIGH SCHOOL

UNIBusiness program will soon be expanded to Iowa high schools.

FINANCIAL CRISIS DEJA VU

Have banks changed their risk culture and strategies after the 2007 financial crisis? The energy market crash suggests 'no.'

MR. (IOWA) NICE GUY

Finance alum uses 'Iowa Nice' persona and UNIBusiness education to land a career at the happiest place on earth.

WELL RESPECTED INSTRUCTOR SAYS GOODBYE AFTER 20 YEARS

Long-time instructor of finance plans to spend more time in investment and portfolio management.

FINANCE ²⁰¹⁹

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RESPONDING TO INDUSTRY DEMAND

2018 was an exciting time for the Finance Department. We were joined by two new faculty members. Justin Lallemand, from the University of Denver and Steve Yerkes, an Associate Wealth Management Advisor for Northwestern Mutual.

The department continues to tweak curriculum to align with changing economic dynamics and demands. Thanks to the efforts of instructors Steve Yerkes and Deb Giarusso, the new wealth management track has increased in student popularity. This program meets the educational requirement needed to take the CFP® exam

after graduation and is the only business college program of its kind in Iowa.

Another example of our commitment to industry demand is the development of an online (or hybrid) class in financial literacy. This course will be offered to high schools as a way for them to meet the financial literacy requirements put forward by our legislators. This is the first time that the Finance Department has offered a course to high school students.

The department continues to thrive with wonderful faculty and motivated students. Our students are participating

in various competitions and beating larger universities. That says something about our students! We continue to have a nearly 100 percent placement rate and our alums generously give back through time and financial gifts.

I am thankful for the opportunity to be the head of such an amazing department. Please stay in touch and let us know about important milestones in your personal and professional lives and visit with us if you are in this area.

Go Panthers!

Shar Self,
Professor & Head of Finance



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UNIBusiness Personal Finance Program Coming Soon to Iowa High Schools

“We’re focused on making this a practical class — truly making it a personal finance course.”

Many of our every day decisions have a financial impact, which makes personal finance a crucial skill. It applies in almost every aspect of life. It’s especially important in high school, before students venture on their own and manage their own wealth.

In 2019, UNIBusiness’ introductory personal financial planning course will do just that — educate

teenagers and young adults on how to successfully manage their own finances. The course will be renamed, *Financial Skills for Smart Living*, and will be shared with partner high schools. Qualified juniors and seniors who take the course can also earn college credit from UNI by passing the final exam. In addition, high school faculty who teach the course can receive professional

development and support from UNIBusiness faculty and staff.

“We see it as a way to reach out into high schools and make personal connections with these students,” said Steve Yerkes, instructor of finance and one of the architects behind the new program. “We’re focused on making this a practical class — truly making it a personal finance course.”



Beginning with the graduating class of 2020, Iowa high school students must earn financial literacy credit to graduate. *UNIBusiness* is striving to help high school students meet this requirement and teach valuable lessons in the process with the added incentive of earning college credit.

When Yerkes started teaching at *UNIBusiness* on a full-time basis about a year ago, he took over the introductory personal finance course that has long been an elective in the finance curriculum. On

campus, this course allows students to gain insight into the foundations of the wealth management emphasis in finance while also gaining valuable skills. With the new financial literacy requirement in the high schools, the opportunity to share the curriculum with high school teachers was created.

While updating the course to meet the Iowa Department of Education's financial literacy learning objectives, Yerkes also focused on practical applications, making it even more relevant to students. In one lesson, Yerkes asks students to interview older adults about their planning and what they would've done differently. It helps students understand that personal finance truly does affect everyone.

"It's very hands-on, and it's getting students exposed to what personal finance is all about," Yerkes said. "I wanted

to get people outside of the textbook and into what people actually do in the real world. We've had great feedback, and it's been a success."

The updated personal financial planning curriculum will give students a leg up in collegiate credits and give them an important life skill. A good understanding of personal finance can help minimize poor financial choices and reduce debt down the road, ultimately decreasing the stress associated with financial worries that does impact physical health.

"It's imperative," Yerkes said. "We're focused on how they are applying it, and it could make the difference for the rest of their lives, whether that be minimizing student debt, making wise career choices, keeping expenses low or saving early. It could impact these individuals and their future families, and that's important." ■

"We're focused on how they are applying it, and it could make the difference for the rest of their lives, whether that be minimizing student debt, making wise career choices, keeping expenses low or saving early. It could impact these individuals and their future families, and that's important."

FINANCE CLUB HOSTS FIRST ANNUAL GOLF OUTING



The UNIBusiness Finance Club is as focused as ever on its mission to increase membership and improve connections between students and employers.

And it made some great strides in the past year. One of the club's major implementations in 2018 was the first annual Finance Club Golf Outing, which took place this past September. Participants included UNIBusiness alumni from American Equity,

Transamerica and Prairie Capital Advisors. The club will hold its second annual golf outing in September 2019.

"The golf outing is beneficial to the club as it lets employers and students network on a different platform than in years past," said **Jacob Kahle** (Real Estate and Finance '18), former Finance Club president. "Being in school and listening to presentations are beneficial, but I wanted to give students an opportunity to engage

with employers outside of the classroom."

There will also be changes for the club in the upcoming semester. Kahle graduated in December, and **Clay Budach** (Finance '21) was elected the new president of the club. But with a new executive team, the club's goals will remain the same: to increase membership, connect students with each other and employers, and increase visibility throughout the college. ■

"The golf outing is beneficial to the club as it lets employers and students network on a different platform than in years past. "

UNIBusiness Places Fourth at Private Business Valuation Challenge

A team of three UNIBusiness students placed fourth at the Private Business Valuation Challenge competition on Nov. 17 at Georgia State University in Atlanta. It was the sixth version of the annual event.

The team of **Nate Morgan** (Finance and Business Administration '19), **Timothy Morris** (Finance, Accounting and Economics '19) and **Trevor Yuska** (Finance and Real Estate '19) had five weeks to analyze and assess the value of a real-life private company. They used propriety data and information, in addition to mentoring from a business valuation professional, to come to their conclusion, which was submitted for evaluation by a panel of experts.

UNIBusiness was one of nine colleges to present analyses in front of three expert judges. Other schools in participation included Indiana State University, Westminster College (two teams), Auburn University-Montgomery, Plymouth State University, Menlo College, Georgia State University, Tulane University and the University of North Dakota.

"Getting to the finals is challenging enough in the time frame available, especially considering this is not part of a formal class," said Brett Olsen, UNIBusiness finance instructor and adviser to the group. "The students are doing this as an extra endeavor on top of



From left to right: Nate Morgan, Trevor Yuska and Tim Morris

their other requirements and duties. They did very well. We placed one spot below bringing home any hardware, and I was very proud of that accomplishment."

The competition, sponsored by Georgia State University and Business Valuation Resources, offered a unique opportunity for teams of university students to assess the value of public and private firms. The competition gave students invaluable experience in the area of private business valuation and the opportunity to display their skills against competition from universities across the country.

"I learned there are many ways to approach problems, and in the real world, similar companies will take very different approaches," Morgan said. "The competition was very similar to the real world in the sense that a lot of teams came up with different answers to the problem." ■



Brent

WTI

Dubai

Financial Crisis Deja vu?

The Crash of the Energy Market and the U.S. Banking Industry

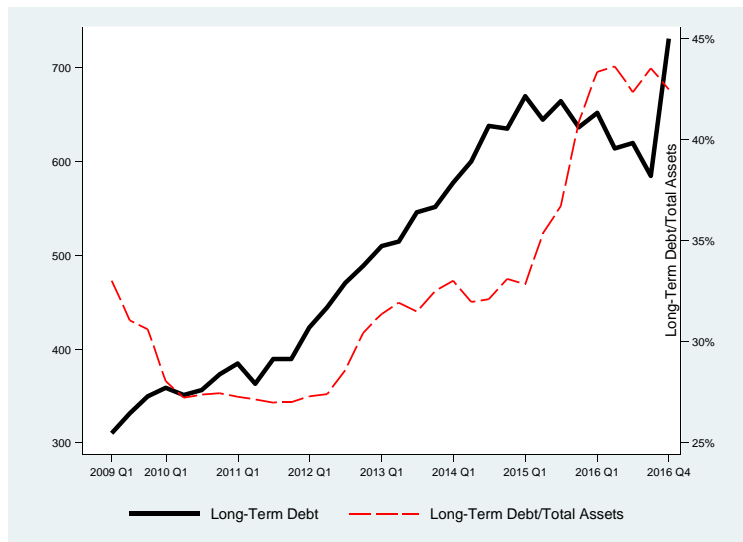
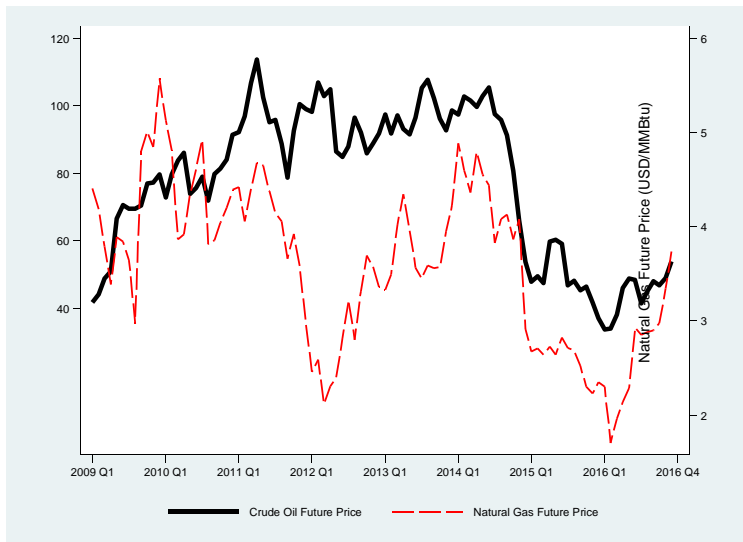
By Ronnie Chen
Assistant Professor
of Finance

On Sept. 1, 2018, an article published in *The New York Times* expressed the concern that the recent crash of the energy market and relatively low energy prices might trigger another financial crisis.

In the 2015–2016 period, 217 U.S. energy companies filed for bankruptcy. The total debt outstanding at bankruptcy for

these energy companies was approximately \$108.5 billion, with about 97 percent from firms located in Delaware, New York and Texas.

Easy credit from the U.S. banking industry fueled the excessive use of debt in the U.S. energy industry in the 2009–2014 period, contributing to the oversupply of energy products



and the bankruptcies of many energy companies.

The Office of the Comptroller of Currency is concerned with bank lending in the energy industry. In April 2014 and again in March 2016, it issued special guidance for the management of U.S. banks' risk exposure to the energy industry.

The booming U.S. energy industry before 2015 mirrors the subprime mortgage market before 2007, which eventually triggered the 2007 financial crisis. It is natural for us to ask — have banks changed their risk culture and risk-taking strategies after the 2007 financial crisis?

Crude oil price increased significantly from 2009 to mid-2014, resulting in excessive expansion of U.S. energy companies. In late 2014, prices of crude oil and natural gas started to dive, leaving many energy companies either bankrupt or financially distressed.

The booming U.S. energy industry before 2015 mirrors the subprime mortgage market before 2007, which eventually triggered the 2007 financial crisis.

Average total long-term debt outstanding (debt matures in more than one year) at sample U.S. energy companies increased dramatically since quarter one of 2009. The percentage of their assets financed through debt also significantly increased. As a result, the energy companies are very sensitive to the prices of energy products. ■



Giarusso in 2008



Giarusso accepts the Distinguished Instructor award from Dean Leslie Wilson in 2017



Giarusso pictured with UNiBusiness alumnus, Ryan Muhlbauer (Marketing '05), in New Zealand in 2017

Deb Giarusso Celebrates a 20-year Career

When now-UNiBusiness finance professor **Deb Giarusso** (Financial Management and Economics '85) decided to become an adjunct instructor in fall 1998, the news came as a bit of a surprise to her family. She had worked in the corporate world — in finance at Oscar Meyer, playing a role on the team that launched Lunchables nationally in 1990 — from 1987 to 1995 but had taken time off to stay at home with her son.



Giarusso, a Cedar Falls native who graduated from UNI, was looking for a new opportunity to tackle, and teaching seemed like the right fit.

"I was very family-focused, and my family and friends were surprised, but they recognized this was a great career opportunity for me to keep family first," she said.

That decision started a 20-year career at UNIBusiness, which will come to an end after the spring semester, when Giarusso retires from teaching.

Starting part time in 1998, she became a full-time instructor in 2007 and helped the school launch a variety of courses and initiatives. She's particularly proud of the fixed-income analysis class she started in 2007, right when the housing crisis began — "it was the perfect real-world example," Giarusso said. She also helped UNIBusiness gain certified financial planner (CFP) designation in 2016.

Giarusso has also made four trips to the school's Master of Business Administration program in Hong Kong and two trips to mainland China.

"Those trips to Hong Kong were right up there at the top of the list," she said. "It was such an experience to get to travel and work with those students. And for the family to come with me on one of those trips, it stands out."

Giarusso is planning to spend more time in investment and portfolio management, where she has continued to work throughout her time as an instructor. But while she moves on to the next phase in her life, it's clear she will always hold the students near and dear.

"It's always so enriching to interact with those students who are so focused on what they need to do and what they need to learn," Giarusso said, her voice wavering. "That's certainly what I'll miss the most, is the students."

New Finance Faculty & Staff



**JUSTIN
LALLEMAND, PH.D., CFA**

Assistant Professor
of Finance

Justin's professional background is largely in commercial banking where he worked as a Credit Officer for Arvest Bank based in Bentonville, Ark. before pursuing his PhD. Prior to joining UNI, Justin was an assistant professor of finance at the University of Denver. Justin is teaching *Principles of Investments* and *Securities Analysis*. Additionally, he will be teaching a CFA preparation class in the spring and is a member of the CFA Institute.

Justin is active in research, having published in the *Journal of Corporate Finance*, the *Journal of Portfolio Management*, the *International Review of Economics and Finance*, the *Journal of Multinational Financial Management*, *The Financial Review* and others. He also regularly contributes to various conferences, including the *European Financial Management Association Conference*.

EVERY DOLLAR COUNTS

2018-2019 Finance Scholarship Recipients

UNIBusinessTHANKS

all finance alumni, faculty
and friends for making
scholarships like this possible.



Rachel Bormann

US Bank Scholars
Endowed Program



Timothy Morris

John Deere Finance
Scholarship



Jenna Snyder

Nicki DeGroot Finance
Scholarship



Kelsey Yarrow

Rockwell Collins
Finance Scholarship



Timothy Morris



Luke Muller


2018-2019 CFA SCHOLARSHIP RECIPIENTS

In addition to the classes they take for their major, UNI finance students can take CFA Review non-credit courses to build knowledge and confidence for the CFA Level I Examination administered by the CFA Institute. Through participation in this program, students are eligible to receive scholarships to offset the costs of enrolling in the course and registering for the CFA Level 1 exam.

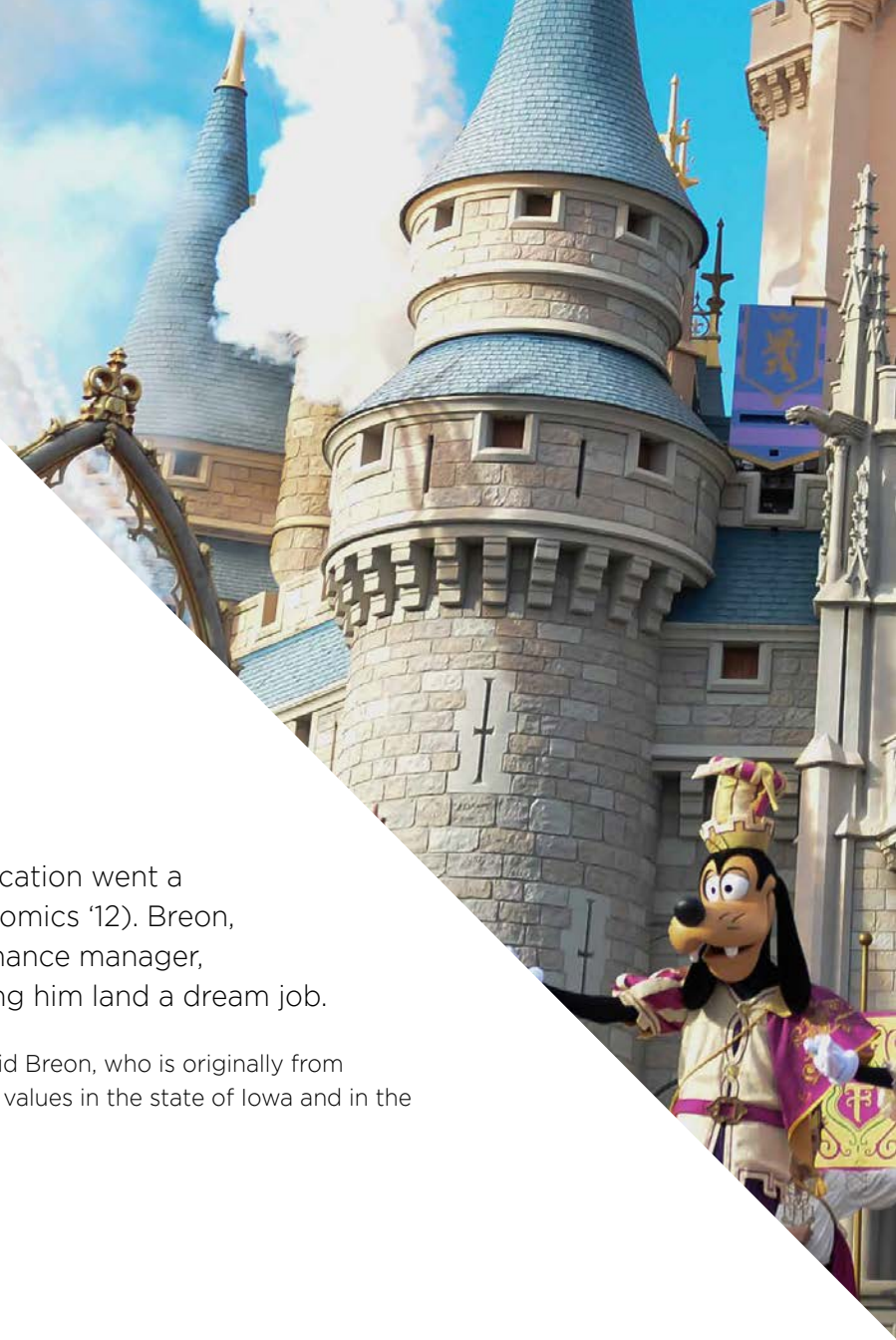
UNIBusinessTHANKS the CFA Institute and various UNIBusiness donors who
help students earn their CFA credential.

Visit business.uni.edu/give2finance to donate directly to the finance department.

Scott Breon Uses 'Iowa Nice,' Education to Land Career at **Happiest Place on Earth**

 A Midwest sentiment and a *UNIBusiness* education went a long way for **Scott Breon** (Finance and Economics '12). Breon, who now works at Disney in Orlando, Florida, as a finance manager, greatly credits those two aspects of his life for helping him land a dream job.

"Just being from the Midwest, I grew up being a nice person," said Breon, who is originally from Wapello, a small town in southwest Iowa. "We have really strong values in the state of Iowa and in the Midwest. And part of that was [*UNIBusiness*], too."





Those values certainly came in handy when Breon interviewed with Disney in 2013.

After working two finance jobs in Des Moines after graduation, Breon was headhunted by a Disney recruiter. Throughout his four years at UNIBusiness, Breon had applied to big companies around the nation — Amazon, Microsoft and more. One of his applications caught the eye of a Disney recruiter, and Breon received a call.

The conversation led to an all-day recruiting trip at Disney's headquarters in Florida. Breon underwent a grueling day of presentations, interviews and networking events. One of the tests forced Breon to put together a 30-minute presentation for a panel of Disney employees in just 20 minutes.

But Breon was prepared, thanks to a class he took at UNIBusiness.

"Dr. Mir Zaman's financial management class helped me in particular," Breon said. "He would give us a two-hour test and give us an hour to do it. He graded us on a curve. You had to choose the right questions and had limited time to answer those. It taught me a lot on time management and knowing how to prioritize things."

Breon was offered the job in 2013, beating out graduates from all over the country. In his six years at Disney, Breon, who jokes he's one of two Iowans in the entire finance department at the company, has worked in various roles. Today, he's the finance manager for Walt Disney World's Financial Planning and Forecasting division.

Breon was recently brought back to UNIBusiness as an alumni-in-residence during the 2018 fall semester. It allowed him to see how things have come full circle.

"It was something I wanted to be when I saw alumni-in-residences come back while I was in college," Breon said. "That's how you know you've made it."

"It was something I wanted to be when I saw alumni-in-residences come back while I was in college. That's how you know you've made it. ”



Front row, left to right:

Rebecca Albers, Julie Abramowski,
Shar Self, Sara Klaessy, Mary Pech

Back row, left to right:

Matt Hanson, Derek Thoms, Ben
Miller, Jerry Ripperger, Jay Doeden,
Corey Ruehle, Matt Verbeck



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REAL ESTATE IS BOOMING

The new capstone class, *Advanced Real Estate Cases*, was offered for the first time in the fall of 2018. Real estate majors may now take this class in lieu of the *Advanced Financial Management* course.

We were the lead sponsor for the *Corridor Business Journal's* Commercial Real Estate Luncheon in Cedar Rapids. We will continue the momentum by sponsoring the 2019 luncheon on March 7 at the Coralville Marriott Hotel.

We continue to encourage students to engage outside of the classroom. On Feb. 1 and 2, senior CCIM Institute Instructor Mark Cypert, of

Citadel Partners in Dallas Texas, will present a two-part seminar to students on market analysis. UNI alum **Scott Jessen** (Business Management '79), also of Citadel Partners will accompany him.

The 23rd Annual Rho Epsilon Golf Outing was held in conjunction with UNI homecoming activities on Oct. 19, 2018. The event hosted roughly 125 golfers and net proceeds will be used to defray costs of other student activities throughout the year. Thanks to our Gold Level sponsors, Aegon Real Assets US, Principal Real Estate Investors and Situs RERC. The 24th outing will be Friday, Oct. 4, 2019. Save the date!

Thanks to the sponsorship of Peoples Company, the annual Monopoly Tournament is scheduled for March 28 at 4:30 p.m. Come and experience real estate and the game of Monopoly as you have never before!

If you were not a real estate major but are interested in learning more about the real estate program, send me an email and I'll put you on the Real Estate mailing list or visit realestate.uni.edu.

Have a great spring!

Art Cox
Professor of Finance
Director of the Center for Real Estate Education

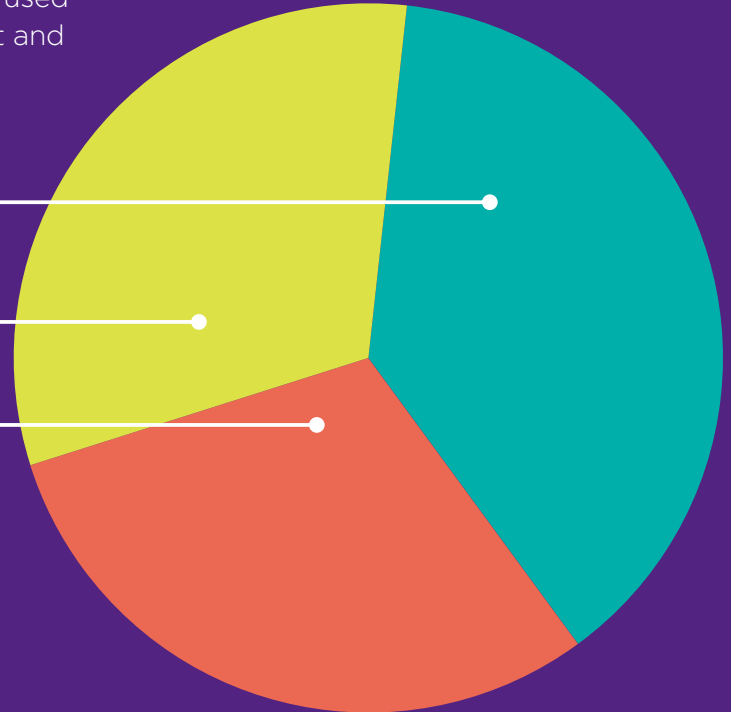
We Can't Do it Alone.

UNIBusiness finance alumni make an impact on student success by donating directly to the department. These funds are used to support finance student development, faculty support and community outreach.

**Student Scholarships
and Professional Development** **38%**

**Corporate, Community
and Alumni Outreach** **32%**

**Faculty Development
and Support** **30%**



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finance department.

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